

UNITED STATES BANKRUPTCY COURT

DISTRICT OF SOUTH DAKOTA

ROOM 211

FEDERAL BUILDING AND U.S. POST OFFICE

225 SOUTH PIERRE STREET

PIERRE, SOUTH DAKOTA 57501-2463

IRVIN N. HOYT
BANKRUPTCY JUDGE

TELEPHONE (605) 224-0560
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October 25, 2006

A. Thomas Pokela, Esq.
Counsel for Debtors
Post Office Box 1102
Sioux Falls, South Dakota 57101

Patrick J. Doyle
Post Office Box 202
Pierre, South Dakota 57501

Subject: *In re Steven C. Reynolds and Tena L. Crandall,*
Chapter 13, Bankr. No. 05-41720

Dear Mr. Pokela and Mr. Doyle:

At the hearing on June 7, 2006, the Court took under advisement the issue of whether Mr. Doyle held a general unsecured claim for costs he incurred related to criminal charges he faced in California while on a trucking run for Debtors. This letter decision shall constitute the Court's findings and conclusions on the reserved issue. This is a core proceeding under 28 U.S.C. § 157(b)(2). As set forth below, Mr. Doyle will not be allowed a general unsecured claim for expenses he incurred in California.

Summary. At the June 7, 2006 hearing, Debtors and Mr. Doyle disagreed on whether Debtor Steven C. Reynolds' actions led to Mr. Doyle's arrest in California after Mr. Doyle removed a car from the transport he was driving for Mr. Reynolds. After the hearing, Mr. Doyle provided to the Court a copy of the case file docket from the state court in California and documentation regarding expenses he incurred while facing those charges. Investigators for the United States District Court used that information to obtain further details from the California officials. From the investigator's report, the Court learned:

1. Mr. Doyle was arrested on August 12, 2005 for the unlawful taking of a vehicle (a felony) and possession of a controlled substance without a prescription (a misdemeanor).

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2. The investigation was conducted by the Irvine Police Department of Irvine, California, (report No. 05-11204) and prosecuted by the Orange County District Attorney's Office.
3. The vehicle Mr. Doyle removed from the transport was a 2005 Chrysler Pacifica. Mr. Doyle told the officer he was transporting the Pacifica from Fletcher Jones Mercedes in Newport Beach to an unknown dealership in northern California.
4. The sales manager at Fletcher Jones Mercedes identified the vehicle by its identification number and stated the Pacifica had been sold by Fletcher Jones Mercedes to Ken Fowler Motors in Ukiah, California. This sales manager also advised the officer the vehicle should not have been removed from the transport until it was delivered to Ken Fowler Motors.
5. The sales manager for Ken Fowler Motors also identified the vehicle through its identification number. He reported the vehicle as stolen based on his conversation with law enforcement.
6. California law enforcement also contacted Debtor Steven Reynolds. Mr. Reynolds confirmed he owned the transport being driven by Mr. Doyle and confirmed it was not a common practice or a company policy for drivers to remove vehicles from the transport prior to delivery.
7. Chargers against Mr. Doyle were dismissed on October 6, 2005. The District Court's investigator was unable to learn why.

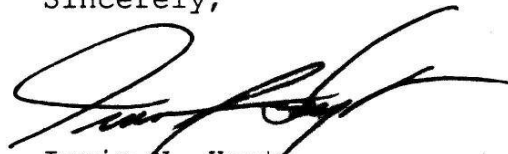
Discussion. Nothing Debtor Steven Reynolds did resulted in the charges in California against Mr. Doyle. The charge of unlawful taking of a vehicle originated with Ken Fowler Motors. The possession of a controlled substance was unrelated to Mr. Doyle's employment as a transport driver. Accordingly, Mr. Doyle will not be allowed an unsecured claim against the bankruptcy estate for the costs he incurred while facing the criminal charges in California.

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As the Court directed at the June 7, 2006, hearing, Mr. Doyle will be allowed a priority claim of \$4,925 for wages. He will also be allowed a general unsecured claim for wages in excess of \$4,925 plus \$1,000 for the personal items left in a truck.

Counsel for Debtors shall prepare an order regarding Mr. Doyle's claim that is in accord with this letter decision and the Court's interim decision on June 7, 2006.

Sincerely,

A handwritten signature in black ink, appearing to read "Irvin N. Hoyt", written over a horizontal line.

Irvin N. Hoyt
Bankruptcy Judge

INH:sh

CC: case file (docket original; serve parties in interest)

On the above date, a copy of this document
was mailed or faxed to the parties shown on
the attached Service List.

Linda M. LaFortune
Acting Clerk, U.S. Bankruptcy Court
District of South Dakota

NOTICE OF ENTRY
Under Fed.R.Bankr.P. 9022(a)

This order/judgment was entered
on the date shown above.

Linda M. LaFortune
Acting Clerk, U.S. Bankruptcy Court
District of South Dakota

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